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July 3, 2013

To: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

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STATE BUDGET - ANALYSIS OF THE FY 2013-14 STATE BUDGET ACT

Overview

On June 27, 2013, Governor Jerry Brown signed the FY 2013-14 State Budget Act, a \$96.3 billion spending plan that includes a significant reinvestment in education and the expansion of health care coverage to more than one million low-income residents. During the signing ceremony, Governor Brown, Senate President Pro Tempore Steinberg and Speaker Pérez all stated that the enacted budget reflects considerable progress in bringing fiscal stability to the State and, after a decade of serious deficits and significant cuts, includes targeted investments in programs such as education, health and mental health care. All three leaders emphasized that the approved budget presents a multi-year plan that is balanced, begins to pay down the State's debt and establishes a prudent reserve to guard against future uncertainties.

The Governor also signed **County-supported ABX1 1 (Pérez) and SBX1 1 (Hernandez and Steinberg)**, which extend Medi-Cal eligibility for persons under 65 years of age with incomes at or below 133 percent of the Federal Poverty Level effective January 1, 2014. In signing both bills, the Governor indicated that California is a leader in implementing the Federal Affordable Care Act and the mechanisms by which the State and local governments roll out health care reform will serve as a model for the rest of the nation.

"To Enrich Lives Through Effective And Caring Service"

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The FY 2013-14 State Budget Act reflects the priorities outlined by the Governor in his January and May Revision budget proposals including:

- Reinvestment in Education: Provides \$39.6 billion from the State General Fund for K-12 education in FY 2013-14 and makes significant changes to the financing structure for K-12 education to provide flexibility and include a redistribution of funding to schools with high numbers of low-income students and English language learners;
- Implementation of Health Care Reform: Establishes the framework for implementation of Federal health care reform and a State-based Medi-Cal expansion for eligible uninsured residents;
- Targeted Investments in Dental Care and Mental Health: Provides increased funding for certain programs such as dental care for low-income residents and crises mental health treatment and intervention services; and
- Budget Reserve and State Debt Reduction: Establishes a \$1.1 billion reserve for FY 2013-14 and continues to pay down the State's budgetary debt.

The FY 2013-14 State Budget Act does acknowledge that the budget is balanced by a narrow margin and, while the national and State economy continue to show signs of recovery, significant risks and liabilities remain. The approved budget points to the State's budgetary debt, currently \$26.9 billion, which has accumulated over the prior decade and has created many of the budget challenges faced by the State in the last several years. The final budget projects to pay down these debts, deferrals and obligations to under \$5.0 billion by FY 2016-17.

In approving the FY 2013-14 State Budget Act, the Governor used his line-item veto authority to eliminate approximately \$40.0 million in appropriations, mostly to State departments. Based on our preliminary analysis, none of the vetoes appear to impact County-administered programs.

Over the next few days, the Governor is expected to sign the 21 budget trailer bills passed by the Legislature to implement various aspects of the FY 2013-14 State Budget Act. Attachment I provides a list of all the budget trailer bills.

Estimated County Impact

The most significant element of the FY 2013-14 State Budget Act to the County is the transfer of \$300.0 million from counties to the State in 1991 Realignment funding associated with potential county savings from the implementation of Federal health care reform. The final budget establishes a specific formula to determine future County contributions to the State based on actual County expenditures, revenue and Board-approved budget.

Overall, based on our analysis of the approved FY 2013-14 State Budget Act, we estimate a potential County loss of \$35.2 million in FY 2013-14 primarily attributed to the potential transfer of \$88.6 million to the State from 1991 Realignment Health funds to reflect potential County savings from the implementation of Federal health care reform. This redirection is partially offset by County administration funding for health care reform implementation (\$32.8 million), increased funds for the CalWORKs Program (\$13.9 million), and restorations to Child Support Services (\$6.7 million).

Attachment II details the estimated fiscal impact to the County in FY 2013-14 and Attachment III provides a summary of budget provisions of interest to the County.

Health Care Reform Implementation

Medi-Cal Expansion. The approved budget provides \$1.5 billion in Federal funding and \$21.0 million in State General Fund for a State-based Medi-Cal expansion. As previously mentioned, the Governor signed **County-supported ABX1 1 (Pérez) and SBX1 1 (Hernandez and Steinberg)**, which extend Medi-Cal eligibility for persons under 65 years of age with incomes at or below 133 percent of the Federal Poverty Level effective January 1, 2014. These measures also implement various changes to simplify eligibility and enrollment procedures for persons currently eligible for Medi-Cal to conform to provisions of the Federal Affordable Care Act (ACA). Attachment IV contains details on the provisions of the Medi-Cal expansion.

Health Care Reform Funding Mechanism. The approved budget provides a mechanism to calculate potential county savings, which result from the implementation of the State-based Medi-Cal expansion provided under the ACA. AB 85, the Health Care Reform Implementation Financing Budget Trailer Bill, includes Los Angeles County-specific language developed by the County Department of Health Services (DHS) and the Administration which: 1) provides a calculation to guarantee a specified number of lives in the County's health system; 2) pays 100 percent of the County's costs associated with the Medi-Cal expansion; 3) establishes a savings sharing ratio of 80 percent State to 20 percent County; 4) bases costs for purposes of determining the

cap on costs on the County's Board-approved DHS budget; and 5) imposes a Maintenance of Effort on the County.

As noted above, in FY 2013-14, the approved budget redirects \$300.0 million Statewide in 1991 Health Realignment funding attributable to potential county savings from implementation of the State-based Medi-Cal expansion. **The amount of funding redirected from Los Angeles County is estimated to be \$88.6 million.**

Other Key Elements of Interest to the County

State Mandates. The approved budget reflects the suspension of five new mandates, continued suspension of 51 mandates, as well as the repeal of five other long-standing suspended mandates. Attachment V provides a list of all affected mandates.

The FY 2013-14 State Budget Act also maintains the California Public Records Act (CPRA) and Local Agency Ethics mandates originally proposed for suspension. However, the Legislature is now pursuing SCA 3 (Leno), as amended on June 21, 2013, which would place a measure on the June 2014 ballot to amend the State Constitution to require local agencies to comply with the current provisions, and any future amendments, of CPRA and the Ralph M. Brown Act at their own cost. The introduction of SCA 3 reflects the State's attempt to ensure that local agencies continue to meet the CPRA and Brown Act responsibilities while permanently eliminating the State's responsibility to reimburse local agencies for these mandated activities.

Enterprise Zones. As previously reported, the Governor's May Revision proposed to redirect approximately \$700.0 million annually from the existing Enterprise Zone program to three new business incentive programs. As part of the Legislature's consideration of the State Budget earlier this month, the Senate Budget Committee adopted placeholder trailer bill language proposed by the Administration, but the Assembly Budget Committee took no action on this issue. The Budget Conference Committee also heard the issue but took no action. The Enterprise Zone reform proposal is now being considered through the regular legislative process.

This office will continue to work with affected departments to determine further County impact of the FY 2013-14 State Budget Act and will continue to keep you advised.

WTF:RA
MR:KA:IGEA:ma

Attachments

c: All Department Heads
Legislative Strategist

FY 2013-14 State Budget Act and Budget Trailer Bills

Bill Number	Subject
AB 110	Main FY 2013-14 Budget Bill
AB 74	Human Services
AB 75	Alcohol and Drug Services
AB 77	Natural Resources*
AB 82	Health Omnibus
AB 85	Health Care Reform Implementation Financing
AB 86	Education
AB 89	Developmental Disabilities Services
AB 92	General Government #2
AB 94	Higher Education
AB 97	Education: Local Control Funding Formula
AB 98	Seismic Safety Account
SB 71	General Government #1
SB 73	Proposition 39 Implementation
SB 74	Corrections
SB 75	Courts
SB 76	Public Safety
SB 78	Medi-Cal Managed Care Organization Tax
SB 82	Mental Health
SB 85	Transportation
SB 89	FY 2012-13 Supplemental Appropriations Bill
SB 94	Coordinated Care Initiative

*Budget Trailer Bill still pending in Legislature.

ESTIMATED IMPACT TO LOS ANGELES COUNTY FROM THE FY 2013-14 STATE BUDGET ACT

HealthHealth Reform Implementation/Shift of County Savings ⁽¹⁾Social Services

County Administration Costs for Health Reform Implementation

CalWORKs Program ⁽³⁾Child Support Collections Restoration ⁽⁴⁾Public Health ⁽⁵⁾

California Children's Services (CCS)

TOTAL

Governor's May Revision Proposals	Final Legislature-Approved State Budget	FY 2013-14 State Budget Act Impact
(88,624,000)	(88,624,000)	(88,624,000)
21,600,000	32,800,000	32,800,000 ⁽²⁾
13,900,000	13,900,000	13,900,000
6,700,000	6,700,000	6,700,000
TBD	N/A	N/A ⁽⁶⁾
(\$46,424,000)	(\$35,224,000)	(\$35,224,000)

Notes:

- (1) Reflects the shift of potential County savings to the State based on a pro-rata share of the County's 1991 Realignment Health Account funds. Future County contributions to the State will be determined based on a formula that would take into account County expenditures, budget and revenues in order to determine Affordable Care Act savings to be shared between the County and the State.
- (2) Reflects an increase in funding from the May Revision for a total of \$120 million Statewide in FY 2013-14 for county administration costs for Health Reform implementation.
- (3) Reflects funding for CalWORKs job training and subsidized employment opportunities, promote family stabilization and implement additional appraisal protocols.
- (4) Reflects the restoration of the Statewide reduction included in the FY 2012-13 State Budget Act (\$2.9 million) and the County share of assistance collections no longer retained by the State (\$3.8 million).
- (5) The May Revision clarified that the responsibility for public health programs would remain at the local level.
- (6) The proposal to transfer CCS from counties to the State is not included in the FY 2013-14 State Budget Act.

This table represents the estimated loss/gain of State funds based upon the FY 2013-14 State Budget Act. It does not reflect the actual impact on the County or a department which may assume a different level of State funding or be able to offset lost revenue.

FY 2013-14 STATE BUDGET ACT

Health

The implementation of Health Care Reform and the Medi-Cal expansion is detailed in Attachment IV.

Coordinated Care Initiative (Dual Eligibles). The approved budget includes various changes to the Coordinated Care Initiative (CCI), also known as Dual Eligibles, which was established by the FY 2012-13 State Budget Act. Under the CCI, eight demonstration counties, including Los Angeles County, will coordinate care for persons eligible for both Medi-Cal and Medicare.

Specifically, the approved budget: 1) assumes a State General Fund savings amount of \$119.6 million in FY 2013-14; 2) delays the CCI start date from October 1, 2013 to no sooner than January 1, 2014; Los Angeles County will phase-in beneficiaries over 12 months, subject to further discussions with the Federal government; 3) authorizes the California Department of Health Care Services (DHCS), with direction from the Department of Finance, to determine if implementation of CCI results in savings to the State General Fund, and if it does not, requires DHCS to render the terms of the CCI inoperative; 4) replaces the current provision that governs whether CCI is fiscally beneficial to the State, for purposes of continuing the program, with a revised provision that requires the fiscal analysis to include savings associated with the Managed Care Organization tax; 5) de-links the integration of long-term support services from the Dual Eligible pilots in the eight authorized counties such that the implementation of these different components of the CCI are not interdependent, and therefore, do not all have to be implemented at the same time with each other; and 6) revises the timing of the poison pill language under current law that triggers the shift of collective bargaining to the State and shifts the responsibility back to the counties, and the In-Home Supportive Services Maintenance of Effort, if the CCI does not move forward, among other provisions. **This office continues to work with the Department of Public Social Services (DPSS) to determine the potential County impact of this action.**

Mental Health and Substance Use Disorder Services

Mental Health Wellness. The approved budget appropriates \$142.5 million in one-time State General Funds for the Investment in Mental Health Wellness Act, as proposed by Senate President Pro Tempore Steinberg. The funding will be allocated through a competitive bid process to support residential treatment, 25 mobile crisis teams, crisis intervention and stabilization, and peer support crisis training. The budget also provides ongoing funding of \$54.0 million from Proposition 63, the Mental Health Services Act, and Federal funds for triage personnel to assist individuals in gaining access to medical, mental health, and substance use disorder services.

Social Services

CalWORKs Program Grant Increase. The approved budget provides increases to the maximum grant under the CalWORKs Program for families on aid that will be funded out of redirected growth funding from 1991 Realignment under a new Child Poverty and Family Supplemental Support Subaccount. Specifically, the budget includes \$50.9 million in FY 2013-14 to provide a 5 percent increase to the CalWORKs grant, beginning March 1, 2014. For FY 2014-15 and future years, grant increases could be made on October 1 of each year based on the level of designated growth dollars. The new level of aid payments in any given year will form the following year's base grant level; with the State General Fund providing a backstop should growth funds become insufficient to fund the base. Counties will not be required to contribute a new share of cost to cover increases to maximum aid payments, meaning counties will not have to pay the statutory 2.5 percent of the CalWORKs grant increases.

Realignment of Social Services Programs. The approved budget does not contain the Governor's May Revision proposal to shift to counties greater responsibility for the CalWORKs and CalWORKs-related child care programs, and CalFresh administration costs.

CalWORKs. The approved budget includes the following items related to the CalWORKs program.

- **Early Engagement.** Provides a partial year funding increase of \$47.7 million Statewide in FY 2013-14 for CalWORKs Early Engagement for job training and subsidized employment opportunities, to promote family stabilization and implement additional appraisal protocols, related to the CalWORKs Program restructuring measures, enacted in the FY 2012-13 State Budget Act. **The DPSS indicates that the County's estimated share of the Statewide increase is \$13.9 million.** The approved budget also includes \$142.8 million Statewide for CalWORKs Employment Services which reflects estimated costs also related to the enacted programmatic changes to the CalWORKs program.
- **Vehicle Asset Limit.** Effective January 1, 2014, adopts the following changes to the vehicle asset limit eligibility requirements under the CalWORKs Program: 1) increases the vehicle value limit from the current amount of up to \$4,650 to \$9,500 in equity value. The vehicle asset limit would be adjusted annually by the U.S. Transportation Consumer Price Index and reliant on the recipient's self-report of any amount still owed; and 2) exempts gifted cars from the vehicle asset limit.

In-Home Supportive Services (IHSS). The approved budget includes the following items related to the IHSS program:

- **IHSS Settlement.** Includes \$176.4 million in State General Fund savings and adopts changes related to the court settlement reached on March 19, 2013 between the State and plaintiffs regarding reductions in authorized hours of services for IHSS recipients. Specifically, rescinds the prior 20 percent reduction in IHSS hours, and accounts for the 8 percent across-the-board IHSS hours reduction effective July 1, 2013, falling to a 7 percent reduction in July 2014. As previously reported, SB 67 (Chapter 4, Statutes of 2013) and SB 68 (Chapter 5, Statutes of 2013), signed into law on May 30, 2013, effectuated the terms of this court settlement agreement.
- **IHSS Caseload Increases.** Includes a \$120.0 million increase in FY 2013-14 as a result of increased caseload projections, primarily from increased costs per case and from an attrition of savings associated with the health care certification requirement.
- **County Maintenance of Effort Increase.** Includes a \$47.5 million State General Fund increase necessary to maintain the State's obligations in the IHSS program in the current year and provides \$76.5 million in FY 2013-14, both relating to the enacted county Maintenance of Effort (MOE) requirement. As previously reported, effective July 1, 2012, counties' share of the non-Federal portion of IHSS costs for services and administration is based on actual expenditures by counties in FY 2011-12. Under current law, any non-Federal expenditures for services and administration that exceed the county MOE become 100 percent responsibility of the State.
- **Community First Choice Option (CFCO).** Includes a net decrease of \$15.7 million to reflect increased State General Fund savings from the CFCO program, attributable to a revised methodology based on average monthly hours of higher-needs recipients.

The Department of Public Social Services indicates the above actions would not have an impact on net County cost because the IHSS program currently operates under a Maintenance of Effort (MOE) funding structure. The County's MOE contribution is locked at FY 2011-12 levels and is not impacted by proposed State savings or costs. However, the State has the option to discontinue parts or the entirety of the CCI at its discretion should the State decide to trigger any of the statutory poison pill provisions.

- **IHSS Statewide Public Authority.** Consistent with public bargaining statutes, permits the IHSS Statewide Public Authority to discuss collective bargaining matters with its bargaining negotiator without having to hold meetings open to the public, and exempts the actual negotiations with the exclusive bargaining representative from open meeting requirements.

CalFresh. The approved budget extends the county CalFresh match waiver for one additional year through FY 2013-14, with the understanding that counties and the State will work toward a reinstitution of the match. **The CalFresh match waiver is important to DPSS as it allows the County to maximize CalFresh administrative funds without additional Net County Cost.**

LEADER Replacement System. The approved budget includes funding for the LEADER Replacement System (LRS) at \$86.9 million for FY 2013-14. **DPSS indicates that this funding will enable the Department to continue the design, development and implementation activities for the LRS project on schedule.** The LRS funding comes from various sources determined by the sharing ratios of the benefitting programs comprised of Federal funds, State General Fund and the County's share.

Child Support Collections Restoration. The approved budget includes the restoration of the county share of child support collections in FY 2013-14. This is a restoration from the Statewide reduction included in the FY 2012-13 State Budget Act (\$2.9 million for the County). Additionally, the County share of assistance collections (\$3.8 million) is no longer retained by the State, as has been done in the past two years. **The Child Support Services Department indicates these funding restorations would provide needed fiscal stability for the County's Child Support program.**

Child Placements. The approved budget requires county child welfare departments or county probation departments to make findings that would authorize the extension of the current 60-day placement limitation in a community care facility licensed as a group home for children or in a temporary shelter care facility, and makes certain requirements relating to placements that extend beyond 120 days, among other provisions.

Group Homes. The approved budget includes Legislative intent that no child or youth in foster care reside in group care for longer than one year, and would require the California Department of Social Services to provide updates to the Legislature, commencing no later than January 1, 2014, regarding the outcomes of assessments of children and youth who have been in group homes for longer than one year. The approved budget also extends the limitation on rate classifications for group homes to FY 2013-14.

This office is working with the Department of Children and Family Services (DCFS) to evaluate the potential cost and impact to DCFS staff from the above changes.

Public Safety

Probation. The approved budget restores \$72.1 million for funding of SB 678 (Chapter 608, Statutes of 2009) for a Statewide total allocation of \$107.0 million. SB 678, the California Community Corrections Performance Incentive Act, provides funding to county probation departments that successfully reduce the number of felony probationers that are sent to State prison on new charges. The budget also includes changes to the formula for allocation of the SB 678 funding to reflect implementation of AB 109 and the 2011 Public Safety Realignment. **This office will continue to work with the Probation Department to determine Los Angeles County's allocation under the new formula.**

Trial Court Funding. The approved budget includes a \$60.0 million augmentation to support trial court operations and an additional \$3.0 million to support the California appellate courts, Supreme Court and the Habeas Corpus Resource Center. The approved budget also specifies that the trial court funding be allocated pursuant to the Judicial Council's recently adopted methodology.

General Government

State Mandates. The approved budget reflects the suspension of five new mandates in addition to the 51 mandates currently suspended. The five newly-suspended mandates include: 1) Modified Primary Election; 2) Domestic Violence Background Checks; 3) Permanent Absentee Voter II; 4) Identity Theft; and 5) Voter ID Procedure. Not included in the group of suspended mandates for FY 2013-14 are the following mandates, which were recently identified as reimbursable by the Commission on State Mandates and were proposed for suspension in the January Budget: California Public Records Act (CPRA); Local Agency Ethics; Tuberculosis Control; and Interagency Child Abuse and Neglect Investigation Reports.

The approved budget also repeals and makes permissive five other long-standing suspended mandates. These include: Adult Felony Restitution; Deaf Teletype Equipment; Domestic Violence Information; Pocket Masks; and Victims' Statements - Minors.

Attachment V includes a complete list of mandates that were funded, made permissive, and suspended for FY 2013-14.

California Public Records Mandate. As previously reported, while the Legislature-approved State Budget did not suspend the reimbursable provisions of the CPRA and Local Agency Ethics mandates, the Legislature adopted a compromise under budget trailer bill AB 76, which made the reimbursable provisions of the CPRA and Local Agency Ethics mandates permissive instead of mandatory. Subsequently, the

Legislature adopted SB 71, a substitute budget trailer bill which deletes the provisions of the CPRA and Local Agency Ethics mandate compromises outlined under AB 76. Under SB 71, the State would continue to be responsible for reimbursing local agencies for their compliance with these mandates. The Governor is expected to veto AB 76 and sign SB 71, keeping the two mandates intact.

However, the Legislature is now pursuing SCA 3 (Leno), which would permanently remove the State's responsibility for reimbursing local governments for any CPRA or Ralph M. Brown Act (Brown Act) provisions. If enacted, SCA 3 would place a measure on the June 2014 ballot to amend the State Constitution to require local agencies to comply with the current provisions, and any future amendments, of CPRA and the Brown Act at their own cost.

Environment and Natural Resources

Proposition 39 Implementation. The approved budget provides a total of \$464.0 million in Proposition 39 funds in FY 2013-14 to be allocated as follows: 1) \$381.0 million to K-12 schools for energy efficiency programs; 2) \$47.0 million to community colleges for energy efficiency programs; 3) \$5.0 million for the California Conservation Corps for job training and work programs; 4) \$28.0 million to provide low-interest and no-interest revolving loans and loan loss reserves for eligible projects and technical assistance for K-12 schools and community colleges; and 5) \$3.0 million to the California Workforce Investment Board to develop and implement a competitive grant program for community-based and other workforce training organizations to prepare disadvantaged youth or veterans for employment through work experience and job training on energy efficiency and clean energy projects.

The approved budget also provides that for FY 2014-15 through FY 2017-18, funding from revenues resulting from Proposition 39 and the amount remaining after the allocation to the revolving loan and loan loss reserves shall be allocated as follows: 1) 89 percent of the funds shall be allocated to K-12 schools; and 2) 11 percent of the funds shall be allocated to community colleges.

Cap-and-Trade Revenues. The approved budget includes a \$500.0 million loan from the Greenhouse Gas Reduction Fund, which is funded by revenues collected from cap-and-trade auctions, to the State General Fund.

Coastal Commission. The approved budget includes a one-time \$3.0 million augmentation for support of the California Coastal Commission to address the current backlog of Local Coastal Plans awaiting review. The Governor noted in his message retaining the augmentation that he prefers to focus any additional resources on assisting local jurisdictions to complete and revise their plans in a timely manner and is directing the Department of Finance to examine what level of resources, if any, the Coastal Commission requires for this purpose in FY 2014-15.

Education

Local Control Funding Formula. The approved budget adopts the Governor's proposal to overhaul the financing structure for K-12 education and implements the Local Control Funding Formula (LCFF). The LCFF increases the base grants for all school districts and provides additional funding to bring all school districts to the FY 2007-08 funding level. The LCFF also creates supplemental and concentration grants for school districts with high percentages of low-income students, English language learners and foster youth.

Foster Youth Services. The approved budget maintains several programs separate from the Local Control Funding Formula, including the Foster Youth Services (FYS) Program which was previously proposed for elimination. According to the Department of Children and Family Services, the FYS program provides services to 5,630 school-aged foster youth in non-relative, out-of-home care in the County.

Health Care Reform Implementation and the Medi-Cal Expansion

The approved budget provides \$1.5 billion in Federal funding and \$21.0 million in State General Fund for a State-based Medi-Cal expansion. On June 27, 2013, Governor Brown also signed **County-supported ABX1 1 (Pérez) and SBX1 1 (Hernandez and Steinberg)**, which extend Medi-Cal eligibility for persons under 65 years of age with incomes at or below 133 percent of the Federal level effective January 1, 2014. These measures also implement various changes to simplify eligibility and enrollment procedures for persons currently eligible for Medi-Cal to conform to provisions of the Federal Affordable Care Act (ACA). Under the expansion, Medi-Cal eligibility will be reimbursed at a 100 percent Federal match rate from 2014 through 2016 phasing down to a 90 percent Federal match by 2020.

Additional provisions for the implementation of health care reform, and provisions to restore adult dental services as an optional Medi-Cal benefit, are contained in AB 82, the Health Services Omnibus Budget Trailer Bill, which is pending the Governor's signature. Key provisions of these measures are described below.

Key Provisions of County-Supported ABX1 1 (Pérez):

- **Transition of Persons Enrolled in the Low-Income Health Program (LIHP)** - Provides a process for the seamless transition of persons currently enrolled in the LIHP on December 31, 2013 who are at or below 133 percent of the Federal Poverty Level to the Medi-Cal Program effective January 1, 2014, with no loss of health care coverage. Persons would be assigned to a Medi-Cal managed care plan which includes his or her LIPH primary care provider.
- **Income and Asset Rules** - Establishes new income and asset rules including the use of the Modified Adjusted Gross Income (MAGI), and the elimination of an asset or resources test for the purpose of determining Medi-Cal eligibility.
- **Simplification** - Streamlines and simplifies the Medi-Cal eligibility, enrollment and redetermination processes, and eliminates the semi-annual Medi-Cal status report.
- **Electronic Verification** - Allows the use of information obtained electronically related to wages, earnings from self-employment, unearned income and resources to determine Medi-Cal eligibility.
- **Expansion Roll Back** - Specifies that if the Federal participation rate drops below 90 percent, the rate reduction shall be addressed by the budget committees, and specifies that if the Federal participation rate drops below

70 percent prior to January 1, 2018, the Medi-Cal expansion for childless adults will cease 12 months following the effective date of the Federal change. This provision is also contained in SBX1 1.

Key provisions of **County-Supported SBX1 1 (Hernandez and Steinberg)**:

- **Mental Health and Substance Use Disorder Services.** Appropriates \$66.7 million in State General Fund for mental health parity and substance use disorder services under the Medi-Cal Expansion. These services will be included in the essential health benefits package adopted under **County-supported AB 1453 (Chapter 854, Statutes of 2011)** which designated the Kaiser Small Group HMO as the State's benchmark for essential health benefits. In addition, Medi-Cal managed care plans will be required to provide mental health benefits, excluding those provided by county mental health departments under the Federal Specialty Mental Health Services Waiver.
- **Benefits for Former Foster Youth** - Extends Medi-Cal to former foster youth up to 26 years of age, and deems eligible current foster youth who are age 18 to age 26.
- **Hospital Presumptive Eligibility** - Requires the State to provide Medi-Cal benefits for individuals who have been determined presumptively eligible on the basis of preliminary information obtained by a qualified hospital.
- **Qualified Immigrant Parents** - Appropriates \$2.8 million from the State General Fund to continue Medi-Cal eligibility for newly qualified immigrant parents with their Medi-Cal-eligible children.
- **Waivers** - Requires the State to seek Federal waivers to use information provided to the determine eligibility to the CalFresh Program, General Relief and State-only funded health care programs to also be used to determine Medi-Cal eligibility.

Key provisions of AB 82, the Health Omnibus Budget Trailer bill:

- **Medi-Cal Enrollment Assistance and Outreach Grants** - Requires the State to accept a grant of \$14.0 million from The California Endowment for Medi-Cal Enrollment Assistance and \$12.5 million from private foundations to provide Medi-Cal enrollment assistance and outreach services, and to seek Federal matching funds for these purposes.
- **Medi-Cal Adult Dental Benefits** - Appropriates \$16.0 million in State General Funds to restore certain Medi-Cal dental care and coverage for adults effective May 1, 2014.

- **Physician Visits** - Repeals the seven-visit annual cap on physician and clinic visits for Medi-Cal beneficiaries enacted in the FY 2012-13 State Budget Act because this proposal did not receive Federal approval .

Other Key Provisions:

- **County Administrative Costs and Health Care Reform Implementation** - Includes a \$120.0 million increase in FY 2013-14 in State General Fund expenditures to cover county administrative costs related to ACA implementation, such as to process new Medi-Cal applications and redeterminations, develop training and curriculum materials, and train county eligibility workers. **The Department of Public Social Services (DPSS) indicates that the County's estimated share of the Statewide increase is \$32.8 million.** Federal funds are also provided for county administration costs which brings the total proposed increase to \$240.0 million Statewide. DPSS indicates the County's total estimated increase is \$65.7 million with both Federal and State funding combined.

SUMMARY OF MANDATE-RELATED ACTIONS INCLUDED IN THE FY 2013-14 STATE BUDGET ACT

MANDATE	STATUTE	IMPACTED DEPARTMENTS
<u>FUNDED MANDATES AS OF FY 2013-14</u>		
Administrative License Suspension	(Ch. 1460, Stats. 1989) (98-TC-16)	Sheriff
Allocation of Property Tax Revenues	(Ch. 697, Stats. 1992) (CSM-4448)	Auditor-Controller, Treasurer and Tax Collector
Crime Victim's Domestic Violence Incident Reports	(Ch. 1022, Stats. 1999) (99-TC-08)	Sheriff
Custody of Minors - Child Abduction and Recovery	(Ch. 1399, Stats. 1976; Ch. 162, Stats. 1992; and	District Attorney
Domestic Violence Arrest Policies	(Ch. 246, Stats. 1995) (CSM-96-362-02)	Sheriff
Domestic Violence Arrests and Victims Assistance	(Chs. 698 and 702, Stats. 1998) (98-TC-14)	Sheriff
Domestic Violence Treatment Services	(Ch. 183, Stats. 1992) (CSM-96-281-01)	Sheriff
Health Benefits for Survivors of Peace Officers and Firefighters	(Ch. 1120, Stats. 1996) (97-TC-25)	Sheriff
Local Government Employment Relations Mandate	(Ch. 901, Stats. 2000) (01-TC-30)	None
Medi-Cal Beneficiary Death Notices	(Chs. 102 and 1163, Stats. 1981) (CSM-4032)	None
Peace Officer Personnel Records: Unfounded Complaints and Discovery	(Ch. 630, Stats. 1978; Ch. 741, Stats. 1994) (00-TC-24)	Sheriff
Peace Officers' Procedural Bill of Rights Act	Ch. 675, Stats. 1990) (CSM-4499)	Sheriff
Pesticide Use Reports	(Ch. 1200, Stats. 1989) (CSM-4420)	None
Rape Victim Counseling	(Ch. 999, Stats. 1991) (CSM-4426)	Sheriff
Sexually Violent Predators	(Chs. 762 and 763, Stats. 1995) (CSM-4509)	District Attorney, Public Defender, Sheriff
Threats Against Peace Officers	(Ch. 1249, Stats. 1992; Ch. 666, Stats 1995) (CSM-	Sheriff
Unitary Countywide Tax Rates	(Ch. 921, Stats. 1987) (CSM-4317 and CSM-4355)	Auditor-Controller, Treasurer and Tax Collector
<u>MANDATES MADE PERMANENTLY PERMISSIVE AS OF FY 2013-14</u>		
Adult Felony Restitution	(Ch. 1123, Stats. 1977) (04-LM-08)	Sheriff
Deaf Teletype Equipment	(Ch. 1032, Stats. 1980) (04-LM-11)	Overall ADA, Title II Compliance
Domestic Violence Information	(Ch. 1609, Stats. 1984) (CSM-4222)	Sheriff
Pocket Masks	(Ch. 1334, Stats. 1987) (CSM-4291)	Sheriff
Victims' Statements-Minors	(Ch. 332, Stats. 1981) (04-LM-14)	Sheriff
<u>MANDATES SUSPENDED FOR FY 2013-14</u>		
Absentee Ballots	(Ch. 77, Stats. 1978) (CSM-3713)	Registrar-Recorder
Absentee Ballots-Tabulation by Precinct	(Ch. 697, Stats. 1999) (00-TC-08)	Registrar-Recorder
AIDS/Search Warrant	(Ch. 1088, Stats. 1988) (CSM-4392)	Sheriff
Airport Land Use Commission/Plans	(Ch. 644, Stats. 1994) (CSM-4507)	None
Animal Adoption	(Ch. 752, Stats. 1998) (04-PGA-01, 98-TC-11)	Animal Care and Control
Brendon Maguire Act	(Ch. 391, Stats. 1988) (CSM-4357)	Registrar-Recorder

SUMMARY OF MANDATE-RELATED ACTIONS INCLUDED IN THE FY 2013-14 STATE BUDGET ACT

MANDATE	STATUTE	IMPACTED DEPARTMENTS
Conservatorship: Developmentally Disabled Adults	(Ch. 1304, Stats. 1980) (04-LM-13)	Public Defender
Coroners' Costs	(Ch. 498, Stats. 1977) (04-LM-07)	Coroner
Crime Statistics Reports for the Department of Justice	(Ch. 1172, Stats. 1989, Ch. 1338, Stats. 1992, Ch. 1230, Stats. 1993, Ch. 933, Stats. 1998, Ch. 571, Stats. 1999, Ch. 626, Stats. 2000) (02-TC-04 and, 02-TC-11)	Sheriff
Crime Statistics Reports for the Department of Justice Amended	(Ch. 700, Stats. 2004) (07-TC-10)	Sheriff
Crime Victims' Domestic Violence Incident Reports II	(Ch. 483, Stats. 2001 and; Ch. 833, Stats. 2002) (02-TC-18)	Sheriff
Developmentally Disabled Attorneys' Services	(Ch. 694, Stats. 1975) (04-LM-03)	District Attorney, Public Defender
DNA Database & Amendments to Postmortem Examinations: Unidentified Bodies	(Ch. 822, Stats. 2000; Ch. 467, Stats. 2001) (00-TC-27, 02-TC-39)	Sheriff
Domestic Violence Background Checks	(Ch. 713, Stats. 2001) (01-TC-29)	Sheriff
Elder Abuse, Law Enforcement Training	(Ch. 444, Stats. 1997) (98-TC-12)	Sheriff
Extended Commitment, Youth Authority	(Ch. 267, Stats. 1998) (98-TC-13)	Probation
False Reports of Police Misconduct	(Ch. 590, Stats. 1995) (00-TC-26)	Sheriff
Fifteen-Day Close of Voter Registration	(Ch. 899, Stats. 2000) (01-TC-15)	Registrar-Recorder
Firearm Hearings for Discharged Inpatients	(Chs. 9 and 177, Stats. 1990) (99-TC-11)	District Attorney
Grand Jury Proceedings	(Ch. 1170, Stats. 1996) (98-TC-27)	Courts
Handicapped Voter Access Information	(Ch. 494, Stats. 1979) (CSM-4363)	Registrar-Recorder
Identity Theft	(Ch. 956, Stats. 2000) (03-TC-08)	Sheriff
In-Home Supportive Services II	(Ch. 445, Stats. 2000; Ch. 90, Stats. 1999) (00-TC-23)	Public Social Services
Inmate AIDS Testing	(Ch. 1579, Stats. 1988; Ch. 768, Stats. 1991) (CSM-4369 and CSM-4429)	Sheriff
Judiciary Proceedings	(Ch. 644, Stats. 1980) (CSM-4366)	Courts
Law Enforcement Sexual Harassment Training	(Ch. 126, Stats. 1993) (97-TC-07)	Sheriff
Local Coastal Plans	(Ch. 1330, Stats. 1976) (CSM-4431)	Beaches and Harbor, Regional Planning
Mandate Reimbursement Process *	(Ch. 486, Stats. 1975) (CSM-4204 and CSM-4485)	Auditor-Controller, District Attorney, Probation, Sheriff
Mandate Reimbursement Process II *	(Ch. 890, Stats. 2004) (05-TC-05) (Suspension	Auditor-Controller, District Attorney, Probation, Sheriff
Mentally Disordered Offenders: Treatment as a Condition of Parole	(Ch. 228, Stats. 1989; Ch. 706, Stats. 1994) (00-TC-28, 05-TC-06)	Probation
Mentally Disordered Offenders' Extended Commitments Proceedings	(Ch. 435, Stats. 1991) (98-TC-09)	District Attorney, Public Defender, Sheriff
Mentally Disordered Sex Offenders' Recommitments	(Ch. 1036, Stats. 1978) (04-LM-09)	District Attorney, Public Defender
Mentally Retarded Defendants Representation	(Ch. 1253, Stats. 1980) (04-LM-12)	District Attorney, Public Defender

SUMMARY OF MANDATE-RELATED ACTIONS INCLUDED IN THE FY 2013-14 STATE BUDGET ACT

MANDATE	STATUTE	IMPACTED DEPARTMENTS
Missing Persons Report	(Ch. 1456, Stats. 1988; Ch. 59, Stats. 1993) (CSM-4255, CSM-4368, and CSM-4484)	Sheriff
Modified Primary Election	(Ch. 898, Stats. 2000) (01-TC-13)	Registrar-Recorder
Not Guilty by Reason of Insanity	(Ch. 1114, Stats. 1979) (CSM-2753)	District Attorney, Public Defender, Sheriff
Open Meetings Act/Brown Act Reform	(Ch. 641, Stats. 1986) (CSM-4257 and CSM-4469)	Overall Brown Act Compliance, Board of Supervisors, Mental Health, Probation
Pacific Beach Safety: Water Quality and Closures	(Ch. 961, Stats. 1992) (CSM-4432)	Fire, Public Health
Perinatal Services	(Ch. 1603, Stats. 1990) (CSM-4397)	Health Services
Permanent Absent Voters II	(Ch. 922, Stats. 2001, Ch. 664, Stats. 2002, and Ch. 347, Stats. 2003) (03-TC-11)	Registrar-Recorder
Personal Safety Alarm Devices	(8 Cal. Code Regs. 3401 (c)) (CSM-4087)	TBD
Photographic Record of Evidence	(Ch. 875, Stats. 1985) (98-TC-07)	Sheriff
Post Conviction: DNA Court Proceedings	(Ch. 943, Stats. 2001) (00-TC-21, 01-TC-08)	Public Defender, Alternate Public Defender, Sheriff
Postmortem Examinations: Unidentified	(Ch. 284, Stats. 2000) (00-TC-18)	Coroner
Prisoner Parental Rights	(Ch. 820, Stats. 1991) (CSM-4427)	Sheriff
Senior Citizens Property Tax Postponement	(Ch. 1242, Stats. 1977; Ch. 43, Stats. 1978) (CSM-4359)	Treasurer and Tax Collector
Sex Crime Confidentiality	(Ch. 502, Stats. 1992; Ch. 36, 1993-94 1st Ex. Sess.) (98-TC-21)	Sheriff
Sex Offenders: Disclosure by Law Enforcement Officers	(Chs. 908 and 909, Stats. 1996) (97-TC-15)	Sheriff
SIDS Autopsies	(Ch. 955, Stats. 1989) (CSM-4393)	Coroner
SIDS Contacts by Local Health Officers	(Ch. 268, Stats. 1991) (CSM-4424)	Public Health
SIDS Training for Firefighters	(Ch. 1111, Stats. 1989) (CSM-4412)	Fire
Stolen Vehicle Notification	(Ch. 337, Stats. 1990) (CSM-4403)	Sheriff
Structural and Wildland Firefighter Safety and Equipment	(8 Cal. Code Regs., 3401 to 3410, incl.) (CSM-4261-4281)	Fire
Very High Fire Hazard Severity Zones	(Ch. 1188, Stats. 1992) (97-TC-13)	Fire
Voter Identification Procedures	(Ch. 260, Stats. 2000) (03-TC-23)	Registrar-Recorder
Voter Registration Procedures	(Ch. 704, Stats. 1975) (04-LM-04)	Registrar-Recorder
* Mandate Reimbursement Process and Mandate Reimbursement Process II include suspension of the Consolidation of Mandate Reimbursement Process I and II)		